



STATE MINING AND GEOLOGY BOARD

Policy and Legislation Committee

Brian Baca, Chair; Jelisaveta Gavric, John Lane

EXECUTIVE OFFICER'S REPORT

For Meeting Date: June 14, 2012

Agenda Item No. 2: Report on the State Mining and Geology Board's Annual Mine Fees Survey under the Surface Mining and Reclamation Act (SMARA).

INTRODUCTION: Public Resources Code (PRC) Section 2207(d) requires the State Mining and Geology Board (SMGB) to impose by regulation an annual reporting fee on each active and idle surface mining operation. Active and idle surface mining operations are defined in PRC Sections 2207(f), 2714, 2727.1, 2735, and Title 14 California Code of Regulations (CCR) Section 3501, and include operations conducted by public agencies. PRC Section 2207(d) also states the annual fee imposed shall not be less than \$100 or more than \$4,000 for each operation. These amounts shall be adjusted for cost of living as measured by the California Consumer Price Index. Furthermore and most importantly, PRC Section 2207(d)(2)(A) requires fees to be calculated on an equitable basis reflecting the size and type of the operation, the total assessed value of the mining operation, the acreage disturbed by mining activities, and the acreage subject to the reclamation plan

The SMGB, at its March 10, 2011, regular business meeting, accepted the 2010 Annual Mine Fees. With all industrial mineral sites now at the maximum fee amount with exception to those operations producing 100 tons or less, all gold and silver producers at the maximum fee amount with exception to those producing 10 ounces or less, and all base and other metals producers at the maximum fee amount with exception to those producing 10 pounds or less, this Committee is commencing discussion and consideration of other means in calculating the annual mine fees.

Several preliminary mine fee scenarios were provided to the Committee at its meeting held on July 26, 2011. Following discussion, OMR indicated that such scenarios were preliminary, and following further analyses would provide additional scenarios for discussion and consideration. Additional discussion was held at the Committee's October 13 and December 8, 2011, meetings. Due to diverse opinions as to whether such fees were equitable and should be modified, a survey questionnaire was approved by the Committee.

PRC Section 2207(d) requires the SMGB to impose by regulation an annual reporting fee on each active and idle surface mining operation. Active and idle surface mining operations are defined in PRC Sections 2207(f), 2714, 2727.1, 2735, and Title 14 California Code of Regulations (CCR) Section 3501. The definition includes operations conducted by public agencies. There are currently 1,355 mining operations subject to the reporting fee regulation.



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PRC Section 2207(d) states the annual fee imposed shall not be less than \$100 or more than \$4,000 for each operation. Statute requires that these amounts be adjusted annually for cost of living, as measured by the California Consumer Price Index.

The SMGB is currently considering the equity of the current reporting fee schedule. In considering changes to the SMGB regulations, the SMGB conducted a survey of affected mining operations. An eight-question survey was conducted of all 1,355 mining operations during the period of December 2011 and February 2012. Results were compiled and tabulated, and a summary of the results of the survey was presented by OMR at the Committee's March 8, 2012, meeting.

In review of the results, the Committee requested that several cap fee scenarios be evaluated. Three cap scenarios have been evaluated: \$8,000, \$12,000 and \$15,000. Each cap fee scenario was evaluated in two formats: how projected fees will result in a similar collection as the SMGB's 2010 approved fee schedule, and in a form the SMGB is accustomed considering in its packet when considering approval of annual mine fees. OMR is prepared to provide a brief summary of the three cap fee scenarios.

EXECUTIVE OFFICER RECOMMENDATION: The information being provided is for the Committee's information and discussion. No recommendations are offered at this time.

Respectfully submitted:



Stephen M. Testa
Executive Officer